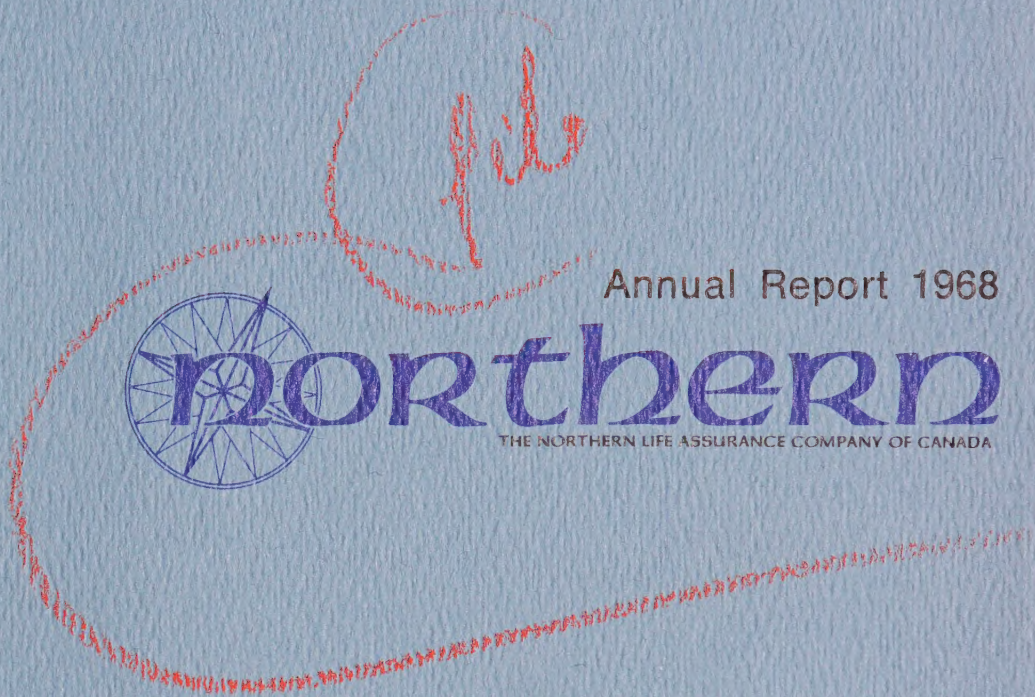




Corporate Identification

The use of the compass in our new corporate symbol, shown on the cover, denotes the direction North resulting in a definite affiliation with the company name. Moreover, the compass implies confidence, direction, exploration and a look to the future.

Integrated in the design is a modern version of a classical lettering style to give the impression of tradition and stability as well as appearing modern and progressive.

The colour blue again reflects the Northern aspect and at the same time imparts a degree of dignity in keeping with the serious nature of the company's business.

Contents

- 1 president's report
- 2 directors
- 2 directors' report
- 4 balance sheet
- 6 statement of revenue
- 7 distribution of assets
- 8 company officers

President's report

E. A. Palk
President and Managing Director



The year 1968 was an exciting one for everyone associated with the company. The sales organization established a new production record that was substantially in excess of any previous year's performance. As a result, our business in force, excluding annuities, showed a marked gain and reached \$604,000,000 at the year end. We were delighted to see our business from reinsurance increase substantially in 1968.

During the course of the year the company defined its corporate objectives for the foreseeable future and a number of plans were undertaken. These included a complete review of our product line and the introduction of new life insurance contracts. Our selection and training procedures were strengthened. A job evaluation, salary classification, and merit rating study of our staff was completed and installed. New agent and staff benefit plans were introduced at the end of the year. A planned program of upgrading our Head Office and Branch Office premises was continued. You have seen some evidence in this year's Annual Report of our new corporate identification program.

The new year will provide us with the opportunity for the introduction of additional new products and the expansion of our group insurance activities. April of this year will see the installation of our computer facility and we plan to bring it on line early in 1970.

As a newcomer to Northern Life, I was most impressed with the cooperation and support I received from the Directors, Officers, staff and field organization. It certainly made my job easier. As we look forward to the years ahead, the future for those associated with the company appears bright.

Directors' report

The Directors are pleased to present their report for the year 1968 together with the accompanying financial statements.

New business and business in force

New business, excluding annuities, amounted to \$123,362,917 for the year. This represented an increase of 28.5% over 1967 and established a new record for the company. As a result of this marked gain in new business and an improvement in the persistency of our business, business in force, excluding annuities, showed a gain of \$57,902,448 in 1968, compared with \$43,007,304 in 1967. Business in force totalled \$604,029,742 at the year end.

Board of Directors

G. EDWARD HALL, MD, Ph D
Chairman of the Board
The Northern Life Assurance Company of Canada
Director
International Business Machines Co. Ltd., (Canada)

H. LINDEN SHARPE, FSA, FCIA
Vice-Chairman of the Board
The Northern Life Assurance Company of Canada

E. A. PALK
President and Managing Director
The Northern Life Assurance Company of Canada

R. M. IVEY, QC
Vice-President
The Northern Life Assurance Company of Canada
Partner, Ivey & Dowler
Director, Bank of Montreal

L. F. STEVENS, FCA
Vice-President
The Northern Life Assurance Company of Canada
Executive Vice-President
Allpak Products Limited

F. W. P. JONES
Professor of Business Administration
University of Western Ontario

D. D. C. McGEACHY
Business Consultant

W. A. McKENZIE
President
Admac Holdings Limited

COL. J. GORDON THOMPSON, CD
Chairman of the Board
Supertest Petroleum Corporation Limited

LIEUT.-COL. D. B. WELDON, MC, ED, LL D
Honorary Chairman of the Board
Midland-Osler Securities Limited

Assets and liabilities

Assets at the end of the year amounted to \$87,668,111. You will observe in the Balance Sheet that the company has a bank loan in the amount of \$2,090,647. This was done as a matter of investment policy to take advantage of the high rates of interest that were available during the year — particularly in the mortgage investment field. As a consequence, the company's mortgage portfolio expanded during the year. A planned increase also took place in our common stock portfolio. During the year an increasing number of our policyholders availed themselves of the loan privilege in their contracts and the proportion of assets in this account rose.

On the liabilities side of the Balance Sheet, the normal provisions were made for reserves for our policyholders and their beneficiaries. Additional calls on the capital stock were made during the year so that it is now fully paid up.

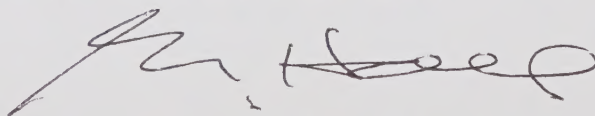
Income account

Both premium and investment income showed substantial increases during the year. The company's net rate of interest rose from 5.85% to 5.92% during the year. The mortality rate improved during 1968 but our expenses increased as a result of the higher cost of doing business, increased volume of new sales, and the introduction of a number of planned improvements. After an appropriation of \$236,517 to the Shareholders' Account, \$496,070 was transferred to Unallocated Surplus.

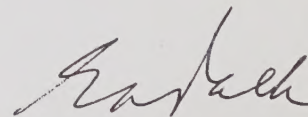
Surplus

In view of the continued decline in bond prices during the year, an amount of \$1,800,000 was transferred from Unallocated Surplus to the company's Investment Reserve which now totals \$3,600,000. This investment reserve exceeds substantially the liability requirement of the Canadian and British Insurance Companies Act. Unallocated Surplus amounts to \$11,001,935 after this transfer.

The Directors appreciate that the results achieved during 1968 flow from the combined efforts of the Officers, Head Office and Branch Office staffs, and the field organization. To each member of this team we extend our thanks and commendation.



Chairman of the Board



President
and Managing Director

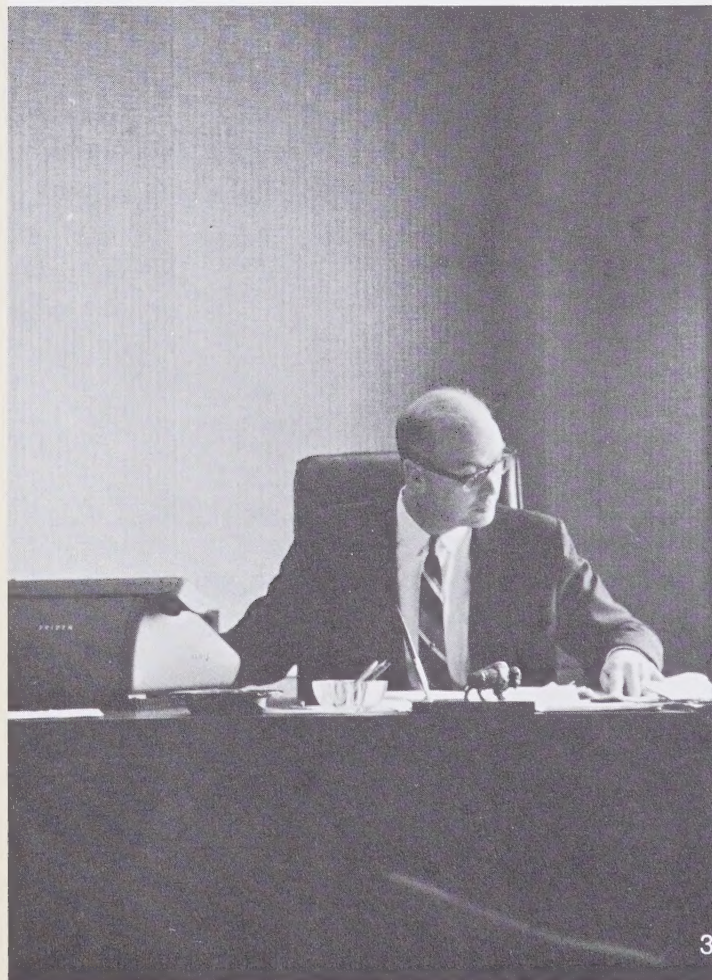
Some facts about Northern Life

The Northern Life Assurance Company was founded in London, Ontario, in 1897. Through sound business management and a determination to provide the finest in life insurance counselling, the company began to grow.

Today, Northern Life has over half a billion dollars of life insurance in force on the lives of more than 70,000 policyowners. Trained representatives in 39 offices located across Canada and in the state of Michigan are helping people from all walks of life secure their financial futures.



A life insurance company is more than mortality rates, actuarial tables and interest calculations. It's people. These members of Northern Life's Actuarial Department work to insure that new plans of life insurance are not only actuarially sound but designed to assist others in the planning of their finances. It's the same in every head office department and in 39 branch offices. Northern Life people putting policyholders first.



Directors' Report

The Directors are pleased to report on the results of the company's operations for the year ended December 31, 1999, with the accompanying financial statements.

New business and assets
New business, excluding annuities, represented a record for the company and an improvement in the company's financial position, excluding annuities, of \$43,007,304 in 1999.

Assets and liabilities
Assets at the end of the year were \$2,090,647. This included the high value of the company's mortgage portfolio, which also took place in a number of their contracts.

On the liabilities side, the company made for reserve calls on the capital paid up.

Income account
Both premium and investment income were higher than the year. The company's income increased as a result of new sales, and after an appropriate transfer of funds.

Surplus
In view of the company's surplus of \$1,800,000, the Investment Reserve exceeds substantial amounts. Insurance Company after this transfer.

The Directors are pleased with the combined effort of the company and the field organization, and thank the company for its contribution.

Board of Directors

G. EDWARD HALL, MD, Ph D
Chairman of the Board
The Northern Life Assurance Company of Canada
Director
International Business Machines Co. Ltd., (Canada)

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Vice-Chairman of the Board
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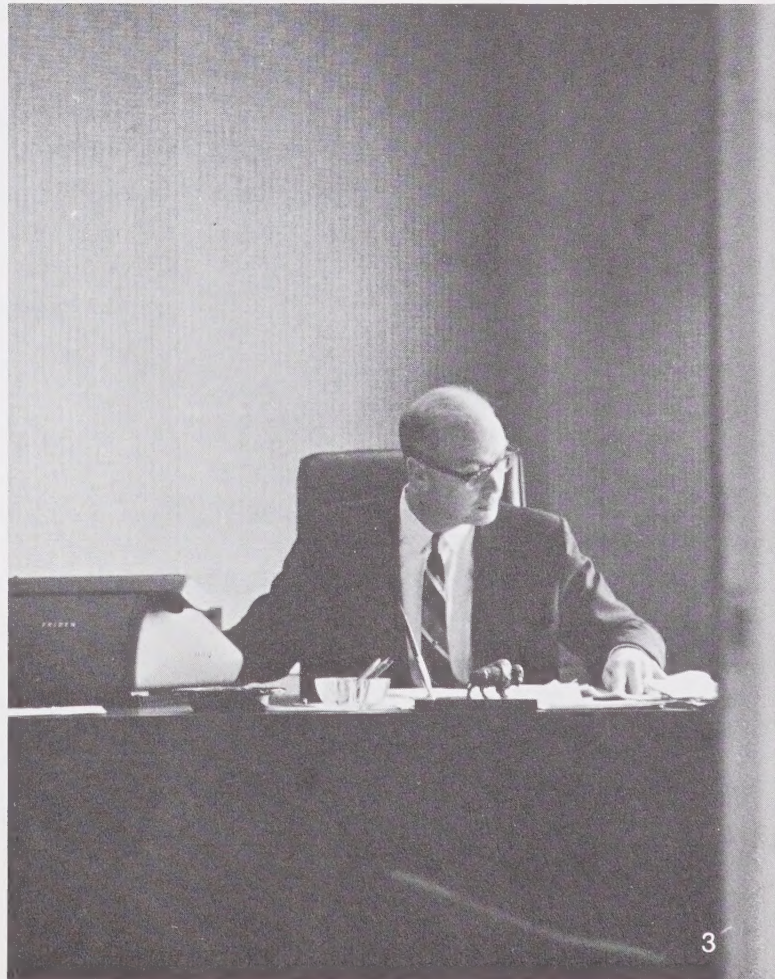
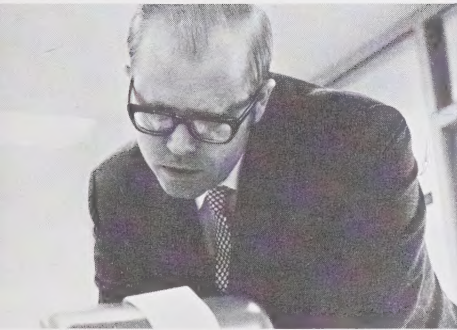
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Honorary Chairman of the Board
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Chairman of the Board

A life insurance company is more than mortality rates, actuarial tables and interest calculations. It's people. These members of Northern Life's Actuarial Department work to insure that new plans of life insurance are not only actuarially sound but designed to assist others in the planning of their finances. It's the same in every head office department and in 39 branch offices. Northern Life people putting policyholders first.



Balance Sheet

The Northern Life Assurance Company of Canada

Year Ended December 31, 1968

(with comparative amounts at December 31, 1967)

<u>ASSETS</u>		<u>1968</u>	<u>1967</u>
Debentures of or guaranteed by federal governments and the provinces of Canada	\$ 9,052,585		
Municipal, public utility, industrial and miscellaneous bonds and debentures	32,581,990		
Preferred and common stocks	<u>2,617,447</u>	\$44,252,022	\$42,540,218
First mortgages on real estate and agreements of sale		34,472,808	30,822,460
Loans on policies (fully secured by cash surrender values)		5,154,594	4,512,410
Real estate:			
Head office premises	1,448,447		
Properties held for investment	<u>934,056</u>	2,382,503	2,414,337
Cash on hand and in banks		3,310	259,104
Interest accrued but not yet due		951,706	850,406
Insurance and annuity premiums in course of collection (net)		451,168	461,587
		<u>\$87,668,111</u>	<u>\$81,860,522</u>

Note: The values at which the debentures, bonds and stocks are shown are not in excess of amortized cost but in the aggregate exceed the values permitted by the Canadian and British Insurance Companies Act by approximately \$2,200,000 against which the company carries investment reserves of \$3,600,000.

LIABILITIES

		<u>1968</u>	<u>1967</u>
Policy reserves which, with interest and future premiums, are to provide for insurance and annuity claims as they fall due		\$58,777,318	\$56,529,857
Other obligations to policyholders and beneficiaries:			
Policy proceeds left on deposit and premiums paid in advance	\$ 7,100,055		
Policy claims awaiting proof	792,725		
Provision for unreported claims	62,000		
Provision for policy dividends payable in 1969 and future years	<u>1,169,162</u>	9,123,942	8,546,012
Other liabilities:			
Bank indebtedness	2,090,647		
Staff and agents' pension fund	1,546,174		
Sundry amounts due and accrued	<u>442,312</u>	4,079,133	<u>1,673,551</u>
Total liabilities to policyholders, beneficiaries and others		71,980,393	66,749,420
Additional protection for policyholders and beneficiaries:			
Capital stock beginning of year	650,000		
Add amount called during year	<u>350,000</u>		
	1,000,000		
Shareholders' surplus	85,783		
Investment reserve	3,600,000		
Unallocated surplus	<u>11,001,935</u>	15,687,718	15,111,102
		<u>\$87,668,111</u>	<u>\$81,860,522</u>

AUDITORS' REPORT

To the Shareholders and Policyholders of
The Northern Life Assurance Company of Canada.

We have examined the balance sheet of The Northern Life Assurance Company of Canada at December 31, 1968 and the statements of income and unallocated surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The liability to provide for payments guaranteed under insurance and annuity contracts, the dividends to be paid to policyholders, and the staff and agents' pension funds were determined and certified by the company's actuary.

Based upon our examination and the certificate of the company's actuary, we report that in our opinion the accompanying balance sheet and statements of income and unallocated surplus present fairly the financial position of the company as at December 31, 1968 and the results of its operations for the year ended on that date.

(Signed) CLARKSON, GORDON & CO.
Chartered Accountants.

London, Canada. January 21, 1969.

Statement of Income

Year Ended December 31, 1968
(with comparative amounts for the year ended December 31, 1967)

INCOME:

	<u>1968</u>	<u>1967</u>
Gross premium income	\$ 9,171,140	\$ 8,696,500
Less dividends to policyholders	<u>1,220,056</u>	<u>1,082,755</u>
Net premium income	7,951,084	7,613,745
Income from investments	<u>5,146,072</u>	<u>4,772,394</u>
	<u>13,097,156</u>	<u>12,386,139</u>

AMOUNTS PAID OUT OR SET ASIDE:

For policyholders or beneficiaries—		
Death and disability claims	1,655,241	1,829,770
Matured endowments, cash surrender values, annuity and other payments	3,232,835	2,631,473
Interest credited to amounts on deposit, etc.	379,863	365,288
Increase in policy reserves to provide for future claims	<u>2,247,461</u>	<u>2,638,423</u>
	<u>7,515,400</u>	<u>7,464,954</u>

Expenses—

Head office	1,129,082	877,239
Agency	2,657,356	2,182,041
Other	852,547	566,099
Depreciation of head office premises	25,000	25,000
Taxes and licences	<u>185,004</u>	<u>251,614</u>
	<u>4,848,989</u>	<u>3,901,993</u>

	<u>12,364,389</u>	<u>11,366,947</u>
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INCOME FROM OPERATIONS	<u>732,767</u>	<u>1,019,192</u>
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Add profit on sale of investments (net)	615	172,118
Less amounts written off book value of assets	<u>795</u>	<u>13,008</u>
	<u>(180)</u>	<u>159,110</u>

INCOME BEFORE TRANSFERS TO SHAREHOLDERS' SURPLUS AND INVESTMENT RESERVE	732,587	1,178,302
Less amount transferred to shareholders' surplus	<u>236,517</u>	<u>192,469</u>

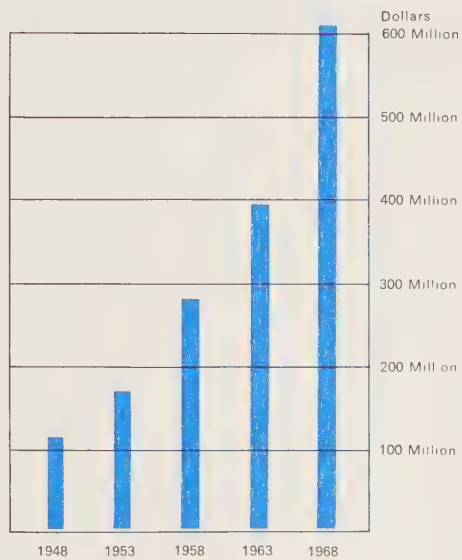
INCOME FOR THE YEAR BEFORE TRANSFER TO INVESTMENT RESERVE	<u>\$ 496,070</u>	<u>\$ 985,833</u>
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STATEMENT OF UNALLOCATED SURPLUS

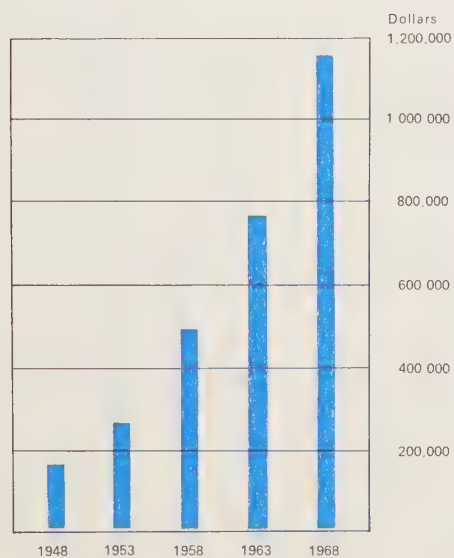
Year Ended December 31, 1968
(with comparative amounts for the year ended December 31, 1967)

	<u>1968</u>	<u>1967</u>
Balance at beginning of year	\$12,305,865	\$11,270,032
Add:		
Income for the year	496,070	985,833
Release of contingency reserve		150,000
	<u>12,801,935</u>	<u>12,405,865</u>
Less appropriation transferred to investment reserve	<u>1,800,000</u>	<u>100,000</u>
Balance at end of year	<u>\$11,001,935</u>	<u>\$12,305,865</u>

Growth of insurance in force



Dividends paid to policyholders



	Amount 1968	% to Total Assets 1968	% to Total Assets 1967
.	\$34,472,808	39.32	37.65

. \$ 2,479,105
 . 6,214,851
 . 358,629

	9,052,585	10.32	10.70
.	2,468,488	2.82	3.19

. 736,069
 . 7,931,254
 . 21,446,179

	30,113,502	34.35	35.69
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. 673,029
 . 1,944,418

	2,617,447	2.99	2.39
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.	5,154,594	5.88	5.51
.	3,310	.00	.32
.	2,382,503	2.72	2.95
.	951,706	1.09	1.04
.	451,168	.51	.56

	\$87,668,111	100.00	100.00
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Statement of Income

Year Ended December 31, 1968
(with comparative amounts for the year ended December 31, 1967)

INCOME:

Gross premium income	.	.	.	.	.	.	.	.	.
Less dividends to policyholders	.	.	.	.	.	.	.	.	.
Net premium income	.	.	.	.	.	.	.	.	.
Income from investments	.	.	.	.	.	.	.	.	.

AMOUNTS PAID OUT OR SET ASIDE:

For policyholders or beneficiaries—									
Death and disability claims	.	.	.	.	.	.	.	.	.
Matured endowments, cash surrender values, annuity and other payments	.	.	.	.	.	.	.	.	.
Interest credited to amounts on deposit, etc.	.	.	.	.	.	.	.	.	.
Increase in policy reserves to provide for future claims	.	.	.	.	.	.	.	.	.

Expenses—									
Head office	.	.	.	.	.	.	.	.	.
Agency	.	.	.	.	.	.	.	.	.
Other	.	.	.	.	.	.	.	.	.
Depreciation of head office premises	.	.	.	.	.	.	.	.	.
Taxes and licences	.	.	.	.	.	.	.	.	.

INCOME FROM OPERATIONS

Add profit on sale of investments (net)	.	.	.	.	.	.	.	.	.
Less amounts written off book value of assets	.	.	.	.	.	.	.	.	.

INCOME BEFORE TRANSFERS TO SHAREHOLDERS' AND INVESTMENT RESERVE	.	.	.	.	.	.	.	.	.
Less amount transferred to shareholders' surplus	.	.	.	.	.	.	.	.	.

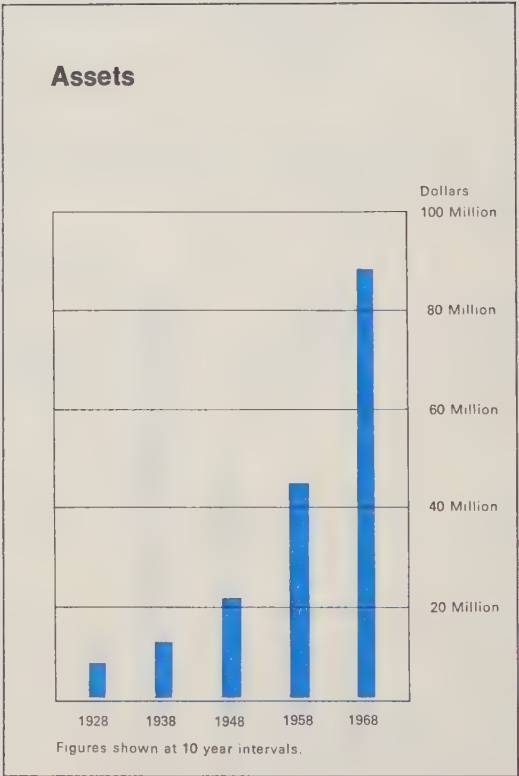
INCOME FOR THE YEAR BEFORE TRANSFER TO INVESTMENT RESERVE

STATEMENT OF UNALLOCATED SURPLUS

Year Ended December 31, 1968
(with comparative amounts for the year ended December 31, 1967)

Balance at beginning of year	.	.	.	.	.	.	.	.	.
Add:									
Income for the year	.	.	.	.	.	.	.	.	.
Release of contingency reserve	.	.	.	.	.	.	.	.	.

Less appropriation transferred to investment reserve	.	.	.	.	.	.	.	.	.
Balance at end of year	.	.	.	.	.	.	.	.	.



Distribution of Assets

December 31, 1968

			Amount 1968	% to Total Assets 1968	1967
Mortgages and Agreements of Sale	.	.	\$34,472,808	39.32	37.65
Bonds					
Dominion and Dom. Guaranteed	.	.	\$ 2,479,105		
Provincial	.	.	6,214,851		
United States Government	.	.	358,629	9,052,585	10.32
					10.70
Municipal	.	.	2,468,488	2.82	3.19
Corporation					
Transportation	.	.	736,069		
Public Utilities	.	.	7,931,254		
Industrial and Miscellaneous	.	.	21,446,179	30,113,502	34.35
					35.69
Stocks					
Preferred	.	.	673,029		
Common	.	.	1,944,418	2,617,447	2.99
					2.39
Loans on policies	.	.	5,154,594	5.88	5.51
Cash in banks and offices	.	.	3,310	.00	.32
Real estate	.	.	2,382,503	2.72	2.95
Accrued interest	.	.	951,706	1.09	1.04
Premiums in the course of collection	.	.	451,168	.51	.56
			\$87,668,111	100.00	100.00

Company Officers

Management Committee

E. A. PALK
President and Managing Director

G. HORROCKS, FSA, FCIA, ACLU
Vice-President and Chief Actuary

R. M. IVEY, Q C
Vice-President - General Counsel

M. O'BRIEN, CLU
Vice-President and Director of Agencies

L. F. STEVENS, FCA
Vice-President - Finance

Actuarial

A. K. ARCHER, FSA, FCIA
Actuary - Individual Insurance

S. S. CHAN, ASA
Assistant Actuary

Administration

A. A. CAPITANO, FSA, FCIA
Actuary - Insurance Services

J. W. HUTTON, FSA, FCIA
Director of Systems and Planning

J. B. LUTMAN, FLMI
Superintendent of Electronic Data Processing

E. R. WALTERS
Secretary

L. R. PARE, CA
Comptroller

E. MACKAY
Assistant Secretary

Agency

G. L. BOWIE
Superintendent of Agencies

R. B. NEUFELD, CLU
Superintendent of Agencies

P. C. FINN, CLU
Superintendent of Agencies

J. G. POLLOCK, CLU
Superintendent of Agencies

C. H. BASTLA, FCIS
Agency Secretary

Investment

D. J. GRANT
Treasurer

E. D. PATTEN
Superintendent of Mortgages

Underwriting and Medical

A. L. MANNES

F. S. BRIEN, MB, FRCP (c)
Medical Director

